

City of Sacramento

Legislation Text

File #: 2020-00235, **Version:** 1

Title:

First Amendment to Lease Agreement with Clark Construction Group - California, LP at Sacramento Valley Station, 401 I Street, Suites 210 and 220

File ID: 2020-00235

Location: 401 I Street, Suites 210 and 220, District 3

Recommendation:

Adopt a Resolution authorizing the City Manager or the City Manager's designee to: 1) execute the First Amendment to City Agreement No. 2019-1605 with Clark Construction Group - California, LP; and 2) execute minor lease amendments to City Agreement No. 2019-1605 pursuant to City Code Section 3.68.120.

Contact: Steve Ward, Real Property Agent, (916) 808-1081; Richard Sanders, Facilities & Real Property Superintendent (916) 808-7034, Department of Public Works.

Presenter: None

Attachments:

- 1-Description/Analysis
- 2-Resolution
- 3-First Amendment to Lease Agreement 2019-1605

Description/Analysis

Issue Detail: A lease between Clark Construction Group - California, LP (Clark) and the City for Suites 210 and 220 (the Premises) at the City-owned Sacramento Valley Station (SVS) at 401 I Street was approved by the City Council on October 22, 2019, under Motion No. 2019-0364 and identified as City Agreement No. 2019-1605 (Lease). The Lease provides executive offices for Clark's growing regional operations.

During the design phase of the tenant improvements, additional improvements to the base building condition of the Premises were identified which necessitate an amendment to the Lease to specify

who will perform those additional improvements. As landlord, City is responsible for the cost of the additional improvements, which City staff determined would be in an amount not to exceed \$183,865. To expedite completion of the additional improvements, the First Amendment to the Lease allows Clark to perform the work as part of its tenant improvements and then City will reimburse Clark for the costs associated with the work.

Policy Considerations: The recommendations in this report are in accordance with City Code Chapter 3.68.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): The leasing of space in the ordinary course of City operations is a continuing administrative activity and is not considered a project under the California Environmental Quality Act (CEQA) Guidelines section 15378(b)(2). Additionally, any improvements to the Premises would be exempt from CEQA pursuant to CEQA Guidelines section 15301 as minor alterations of an existing public structure involving negligible or no expansion of the existing use.

Sustainability: The Lease allows a tenant to fill a vacant space within a City-owned building. As the Premises become utilized, it matches the City's goal of sustainable building use. Under the General Plan, Climate Action Plan Policies and Programs, this qualifies under LU 2.6.5 Existing Structure Reuse. The City shall encourage the retention of existing structures and promote their adaptive reuse and renovation with green building technologies to retain the structures' embodied energy, increase energy efficiency, make it more energy efficient, and limit the generation of waste.

Commission/Committee Action: None

Rationale for Recommendation: As specified in Exhibit C of the Lease, City is required to perform certain initial improvements to the Premises (Landlord's Work) and then deliver the Premises to Clark for Clark to complete its improvements (Tenant's Work). During the design phase, it was determined that the main building Variable Refrigerant Flow (VRF) HVAC system has inadequate capacity and cannot accommodate the Premises as originally planned. To expedite delivery of the Premises to Clark, City is willing to allow Clark to perform the HVAC work and additional items related to the storm window, historic wood trim, window coverings, electrified hardware and IPC rooms (as stated in further detail in the First Amendment) as part of Tenant's Work. City will then reimburse Clark for such work on the terms and conditions set forth in the First Amendment.

Clark will hire Roebbelen Contracting, Inc. to act as General Contractor for the additional

improvements within the Premises mentioned above. The work is anticipated to be completed by April 1, 2020.

Financial Considerations: Sufficient funding is available in the SVS Tenant Improvements Project (C15000200) to reimburse Clark Construction in an amount not to exceed \$183,865.

Local Business Enterprise (LBE): Not applicable.